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Cote d'Ivoire

Cotton and Products

Cotton Annual Report

2002

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Report Highlights:

Post forecasts cotton production in 2002/2003 to increase due to area expansion, remunerative producer price, high yields and rekindled interest in production resulting from farmers owning a cotton gin. The government subsidized seed cotton producer price in 2001/2002. Fiber exports fell in 2001/2002 due to low demand and depressed world market price. Ureco-ci's (the main cotton cooperative group) cotton gin has started. Cote d'Ivoire was declared eligible for U.S. tariff reductions under the Africa Growth and Opportunity Act (AGOA).

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Post forecasts cotton production in 2002/2003 to increase due to area expansion, remunerative producer price, high yields and rekindled interest in production resulting from farmers owning a cotton gin. Ureco-ci (the main farmers' cooperative group) staff have toured producing areas to push farmers to increase planted area. The idea of farmers owning their own plant has renewed farmers' enthusiasm and is attracting new farmers to cotton.

Similar factors accounted for the production increase in 2001/2002. Government subsidies helped to maintain seed cotton producer price at a relatively high level.

Seed cotton marketing in 2001/2002 was delayed until latter of December 2001, because farmers held on to their crop in protest against proposed producer price by tripartite committee comprising representatives of farmers, the Government and cotton ginning companies. In addition, a Government decree prohibiting farmers from building own gin also contributed to the hold up. Marketing activities took off when the government agreed to subsidize the producer price of seed cotton and permitted farmers to construct their cotton gin.

Due to the low world market price for fiber, the government reduced the producer price from 216 F CFA/kg in 2000/2001 to 190 F CFA/kg in 2001/2002 for first grade seed cotton and for second grade seed cotton from 186 F CFA/kg in 2000/2001 to 160 F CFA/kg in 2001/2002. These producer prices were subsidized by 20 F CFA/kg, of which government contributed 15 F CFA/kg and the ginning companies, 5 F CFA/kg.

Fiber exports fell in 2001/2002 due to low demand and the depressed level of world market price. Exports for the first three months of 2002 were 39,429 MT compared to 44,994 MT for the same period in 2001.

On May 21, Cote d'Ivoire was declared eligible for U.S. tariff reductions under the Africa Growth and Opportunity Act (AGOA). Cote d'Ivoire becomes the 36th member on the list of qualified countries.

Ureco-ci's ginning plant started trial ginning on May 18, 2002, and is expected to gin 30,000 MT of the 2001/2002 crop. The completion of Ureco-ci's plant brings Cote d'Ivoire's total ginning capacity to 480,000 MT.

Exchange Rate: U.S. \$1 = 703 F CFA on June 03, 2002.

PSD Table						
Country	Cote d'Ivoire					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		08/2000		08/2001		08/2002
Area Planted	248363	248111	300000	284676	0	312
Area Harvested	300000	248111	300000	284676	0	312
Beginning Stocks	40933	48956	59439	3643	56439	76967
Production	157852	122800	180000	170324	0	182000
Imports	0	800	0	0	0	0
TOTAL SUPPLY	198785	172556	239439	173967	56439	258967
Exports	119750	149913	165000	80000	0	90000
USE Dom. Consumption	19595	19000	18000	17000	0	17000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	19595	19000	18000	17000	0	17000
Ending Stocks	59439	3643	56439	76967	0	151967
TOTAL DISTRIBUTION	198784	172556	239439	173967	0	258967

Production

Post forecasts cotton production in 2002/2003 to increase due to area expansion, remunerative producer price, high yields and rekindled interest in production resulting from farmers owning a ginning factory. Ureco-ci (the main farmers' cooperative group) has toured producing areas to urge farmers to expand production. The idea of farmers owning their own plant has renewed farmers' enthusiasm and this is encouraging new farmers to enter into cotton production. Ureco-ci has decided to get more involved in input distribution and reinforce technical supervision to enhance the already high yields from the R405 cotton variety. In addition, steady price level of fertilizer and insecticides will encourage farmers to use more inputs to meet the higher input needs of this variety. Similar factors accounted for the production increase in 2001/2002. Government subsidies helped to maintain producer price at a relatively high level despite the depressed world market fiber price.

Field travel during the last week of May indicated field preparation has started and planting is expected to start at the beginning of June and continue until mid-July. Rainfall in producing areas has been encouraging and many areas have had several occasions of rainfall. Marketing of the 2001/2002 seed cotton has virtually ended, except in Korhogo area where a substantial amount of seed cotton could be found meant for the trial ginning at the Ureco-ci's ginning

factory.

Seed cotton marketing in 2001/2002 was delayed until latter of December 2001, because farmers held on to their crop in protest against proposed producer price by tripartite committee comprising representatives of farmers, the Government and ginning factories. In addition, a Government decree prohibiting farmers from building their ginning factory also contributed to the hold up. Marketing activities took off when the government agreed to subsidize the producer price and permitted farmers to construct their ginning plant. Apart from these initial problems, financial difficulties of the ginning companies have extended the delay period for farmers to receive payment for seed cotton delivery from two weeks in 2000/2001 to over a month during the current crop year. One company is believed to be still in arrears on 2000/2001 seed cotton payments to farmers. Seed cotton delivery to the ginning plants as of May 21, 2002, were 372,565 MT compared to 280,565 MT for the whole of 2000/2001 crop. The total 2001/2002 crop is estimated at 392,000 MT.

Due to the low world market price for fiber, the government reduced the producer price from 216 F CFA/kg in 2000/2001 to 190 F CFA/kg in 2001/2002 for first grade seed cotton and for second grade seed cotton from 186 F CFA/kg in 2000/2001 to 160 F CFA/kg in 2001/2002. This 2001/2002 producer price was subsidized by 20 F CFA/kg of which government contributed 15 F CFA/kg and the ginning companies, 5 F CFA/kg. The government portion of the subsidies is to be financed partly by EU Stabex fund and partly by budgetary support. The producer price for the 2002/2003 crop will be fixed in October 2002. With the prevailing low world market price and Ureco-ci's strong bargaining power, the current producer price is likely to be maintained.

The quality of seed cotton fell in 2001/2002 due to extended period on-farm storage during the farmers' strike and rains during the harvesting period in the southern sector. However, the nature of the cotton variety cultivated minimized the fall in quality. The first grade cotton was estimated at 69 percent and second grade at 31 percent compared to 72 percent for first grade and 28 percent for second grade in 2000/2001. However, there were regional differences in quality. While in the north, in the Korhogo area, the first grade was about 77 percent, that in the south, around Bouake area, was about 51 percent.

Seed cotton yield increased from 1,131 kg/ha in 2000/2001 to 1,377 kg/ha in 2001/2002 due to increased chemical use, favorable rainfall, improved technical supervision and farmers' increasing acquaintance with the new cotton variety, R 405. This variety has become almost the only variety cultivated in 2001/2002 and is expected to be the same in 2002/2003.

Consumption

Fiber consumption fell in 2000/2001 and is expected to continue to fall in 2001/2002 due to the general slow down in economic activities. The local textile industry has been facing problems of competition from cheap and fraudulent imports, mainly from Asian countries. These imports have greatly reduced domestic textile sales especially for print materials. Cote d'Ivoire's weaving industry has installed capacity of 71 million meters and that of the spinning industry is 54.6 million meters.

Trade

Fiber exports fell in 2001/2002 due to low demand and the depressed level of world market price. Exports for the first three months of 2002 were 39,429 MT compared to 44,994 MT for the same period in 2001. Exports in 2002/2003 are expected to remain at low levels since upturn in world market continues to be slow.

Fiber imports in CY 2001 were 947 MT and were from Burkina Faso (799 MT) and Mali (148 MT).

Export Trade Matrix			
Country	Cote d'Ivoire		
Commodity	Cotton		
Time period	8/00-7/01	Units:	MT
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
France	3156	Brazil	3195
Italy	6682	Italy	1775
Thailand	10062	Thailand	4849
Indonesia	30819	Indonesia	15113
Malaysia	7578	Malaysia	1171
Taiwan	28687	Taiwan	13221
Belgium	4347	Pakistan	4696
India	25393	India	6105
Turkey	4975	South Korea	1800
Bangladesh	4659	Bangladesh	1000
Total for Others	126358		52925
Others not Listed	23556		5277
Grand Total	149914		58202

NB: Trade Matrix for 2000 is from August 2000 to July 2001 and that of 2002 is from August 2001 to March 2002.

Cotton Fabric Exports (MT)

	2000	2001
France	2,281	1,924
Belgium	2,427	1,514
Italy	1,934	1,649
U.K.	509	368
Benin	324	577
Mali	180	155
Niger	220	215
Others	718	1,734
Total	8,593	8,136

Cotton Yarn Exports (MT)

	2000	2001
Spain	607	234
France	448	109
Guinea	100	159
Burkina Faso	197	314
Others	468	119
Total	1,820	935

Cotton Fabric Imports (MT)

	2000	2001
India	2,425	4,478
China	101	273
Netherlands	38	102
Spain	23	40
Others	377	559
Total	2,964	5,452

Stocks

Stocks dropped in 2000/2001 due to the fall in supply and increased exports. Stocks are estimated to rise in 2001/2002 due to increased supply and a fall in exports. Similar factors are expected to account for the increase in stocks in 2002/2003.

Policy

On May 21, Cote d'Ivoire was declared eligible for U.S. tariff reductions under the Africa Growth and Opportunity Act (AGOA). Cote d'Ivoire becomes the 36th member on the list of qualified countries.

The Government of Cote d'Ivoire conceded to pressure from Ureco-ci to allow the farmer cooperative to construct a ginning plant. Industry source saw this government decision as a violation in the terms of agreement under the liberalization program which reserves the right of construction of ginning plant in this geographic block to LCCI (the operating company which was allocated the block under the privatization process).

The Ureco-ci ginning plant has a capacity 60,000 MT and is expected to cost 7.6 billion F CFA. It is being constructed in partnership with Louis Dreyfus Cotton International and Teaston Limited, both US companies. Construction works are almost completed and trial ginning started on May 18, 2002. The plant is expected to gin about 30,000 MT of seed cotton of the 2001/2002 crop.

The completion of Ureco-ci ginning plant brings Cote d'Ivoire's total ginning capacity to 480,000 MT.